

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS**

**Unaudited Interim Financial Statements
For the nine month period ended
March 31, 2003**

Community Development Administration
Housing Revenue Bonds

Balance Sheet

March 31, 2003

(in thousands)

(Unaudited)

Restricted assets

Restricted current assets:

Cash on deposit with trustee	\$ 44,878
Investments	13,823
Mortgage-backed securities	804
Mortgage loans:	
Single family	48
Multi-family construction and permanent financing	3,212
Accrued interest and other receivables	2,663

Total restricted current assets	65,428
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Restricted long-term assets:

Investments, net of current portion	26,731
Mortgage-backed securities, net of current portion	227,534
Mortgage loans, net of current portion:	
Single family	707
Multi-family construction and permanent financing	107,008
Deferred bond issuance costs	808

Total restricted long-term assets	362,788
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Total restricted assets	\$ 428,216
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Liabilities and net assets

Current liabilities:

Accrued interest payable	\$ 4,998
Accounts payable	3
Bonds payable	5,185
Other liabilities -- principally deposits by borrowers	27,247

Total current liabilities	37,433
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Long-term liabilities:

Bonds payable, net of current portion	358,425
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Total long-term liabilities	358,425
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Total liabilities	395,858
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Net assets:

Restricted	32,358
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Total net assets	32,358
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Total liabilities and net assets	\$ 428,216
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See accompanying notes.

Community Development Administration
Housing Revenue Bonds

Statement of Revenues, Expenses and Changes in Net Assets

For the Period Ended March 31, 2003

(in thousands)

(Unaudited)

Operating revenues

Interest on mortgage loans	\$ 6,568
Interest on mortgage-backed securities	8,790
Fee income	67
Other operating revenues	55
	<u>15,480</u>

Operating expenses

Trustee, legal and mortgage servicing costs	37
	<u>37</u>
Operating income	<u>15,443</u>

Nonoperating revenues (expenses)

Interest income	1,841
Interest expense on bonds	(14,399)
Amortization of bond issuance costs	(30)
Increase in fair value of investments	601
Increase in fair value of mortgage-backed securities	14,595
	<u>2,608</u>

**Transfers of funds, as permitted by the Resolution
providing for the issuance of Housing Revenue Bonds**

	<u>(752)</u>
Change in net assets before extraordinary item	17,299
Extraordinary loss on early retirement of debt	(13)
Change in net assets	<u>\$ 17,286</u>

Changes in net assets

Net assets at beginning of period	\$ 15,072
Change in net assets	17,286
Net assets at end of period	<u>\$ 32,358</u>

See accompanying notes.

Community Development Administration
Housing Revenue Bonds

Statement of Cash Flows

For the Period Ended March 31, 2003

(in thousands)

(Unaudited)

Operating activities

Principal and interest received on mortgage loans	\$ 12,465
Principal and interest received on mortgage-backed securities	9,317
Escrow funds received	5,244
Escrow funds paid	(4,594)
Other income received	55
Loan fees received	755
Purchase of mortgage loans	(13,328)
Purchase of mortgage-backed securities	(41,064)
Trustee, legal and mortgage servicing costs	(37)
Other expenses paid	(133)
Other reimbursements	3
Reimbursements among Funds	(257)
Net cash from operating activities	<u>(31,574)</u>

Investing activities

Proceeds from maturities or sales of investments	42,125
Purchases of investments	(38,180)
Interest received on investments	1,500
Net cash from investing activities	<u>5,445</u>

Noncapital financing activities

Proceeds from sale of bonds	49,455
Payments on bond principal	(8,563)
Interest on bonds	(18,344)
Transfers to General Bond Reserve Fund	(752)
Net cash from noncapital financing activities	<u>21,796</u>

Net decrease in cash on deposit with trustee	(4,333)
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Cash on deposit with trustee at beginning of period	49,211
Cash on deposit with trustee at end of period	<u><u>\$ 44,878</u></u>

Community Development Administration
Housing Revenue Bonds

Statement of Cash Flows

For the Period Ended March 31, 2003

(in thousands)

(Unaudited)

Reconciliation of operating income to net cash from operating activities

Operating income	\$ 15,443
Adjustments to reconcile operating income to net cash from operating activities:	
Increase in mortgage-backed securities	(40,537)
Increase in mortgage loans	(6,671)
Increase in accrued interest and other receivables	(30)
Decrease in due from other funds	10
Decrease in due to other funds	(267)
Decrease in accounts payable	(130)
Increase in other liabilities -- principally deposits by borrowers	608
Net cash from operating activities	<u><u>\$ (31,574)</u></u>

Noncash investing and noncapital financing activities

Amortization of investment discounts and premiums	\$ 3
Increase in fair value of investments	(601)
Increase in fair value of mortgage-backed securities	(14,595)
Amortization of deferred bond issuance costs	30
Loss on early retirement of debt	13

See accompanying notes.

Community Development Administration
Housing Revenue Bonds
Notes to Unaudited Interim Financial Statements

March 31, 2003
(in thousands)

1. Basis of presentation:

In the opinion of management, the accompanying interim financial statements of the Community Development Administration (CDA) Housing Revenue Bonds present fairly the financial position at March 31, 2003 and the results of its operations for the nine months ended March 31, 2003. These interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations. The March 31, 2003 financial statements are unaudited, and certain information and footnote disclosures normally included in the annual financial statements have been omitted. Readers of these statements should refer to the financial statements and notes thereto as of June 30, 2002 and for the year then ended, which have been included elsewhere in this disclosure. The results of operations presented in the accompanying financial statements are not necessarily representative of operations for the entire year.

2. Investments and mortgage-backed securities:

In accordance with GASB 31, CDA reflects investments and mortgage-backed securities at fair value.

Investments:

As of March 31, 2003, the fair value of the investments was \$40,554 of which \$39,481 was the cost of these investments and \$1,073 was the cumulative increase in fair value. The increase in fair value of investments for the period ending March 31, 2003 was \$601.

Mortgage-backed securities:

As of March 31, 2003, the fair value of the mortgage-backed securities was \$228,338 of which \$217,519 was the cost of these securities and \$10,819 was the cumulative increase in fair value. The increase in fair value of the mortgage-backed securities for the period ending March 31, 2003 was \$14,595.

3. Mortgage loans:

During the nine months ended March 31, 2003, CDA purchased mortgage-backed securities in the amount of \$41,064 and originated multi-family loans in the amount of \$13,328.

4. Redemption of bonds and extraordinary item:

On September 12, 2002, January 27, 2003 and February 5, 2003, CDA redeemed, prior to maturity, \$1,225, \$2,115, and \$365, respectively, of Housing Revenue Bonds Series 1996 A. An extraordinary loss of \$12 was incurred on the September 12, 2002 redemption and a loss of \$1 was incurred on the February 5, 2003 redemption.